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**Crane et al.**

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(54) **SYSTEM AND METHOD FOR DIVIDING A REMITTANCE AND DISTRIBUTING A PORTION OF THE FUNDS TO MULTIPLE INVESTMENT PRODUCTS**

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(\*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 298 days.

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(22) Filed: **Oct. 17, 2007**

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US 2008/0052230 A1 Feb. 28, 2008

**Related U.S. Application Data**

(63) Continuation of application No. 09/415,632, filed on Oct. 12, 1999, now Pat. No. 7,313,543.

(51) **Int. Cl.**  
**G06Q 40/00** (2006.01)

(52) **U.S. Cl.** ..... **705/39; 705/35**

(58) **Field of Classification Search** ..... **705/10-44**  
See application file for complete search history.

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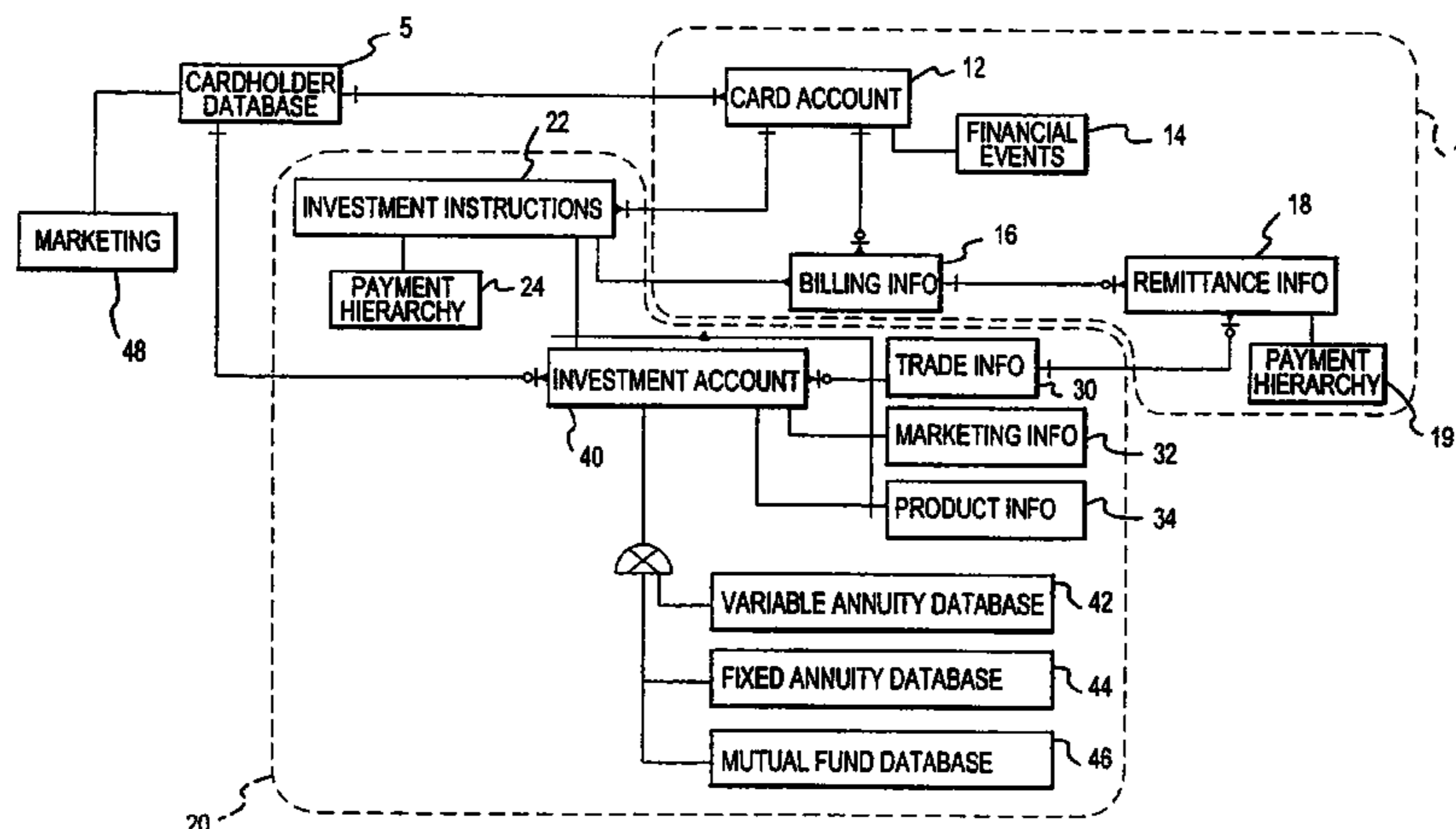
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(57) **ABSTRACT**

A known charge card billing system communicates with an investment broker system, wherein the investment broker system includes an instruction arrangement database, payment hierarchy and an investment account. An interested cardholder suitably appoints the charge card administrator as a processing agent to collect and promptly remit the cardholder's voluntary, periodic payments for investment into preselected investment products, such as, for example, mutual fund shares, fixed annuities, variable annuities, CDs, insurance, certificates, equities and/or the like. The billing system distributes a billing statement at the end of each month, wherein the statement includes all of the charges for that month and a reminder to remit an additional dollar amount for the preselected investments. The cardholder then sends a single payment for the charges and the investments to the charge card administrator. After receiving the payment, the system appropriately unbundles the payment and distributes the remitted payment to the card account to satisfy the captured financial events and to the investment broker system for the purchase of investment products.

**14 Claims, 9 Drawing Sheets**



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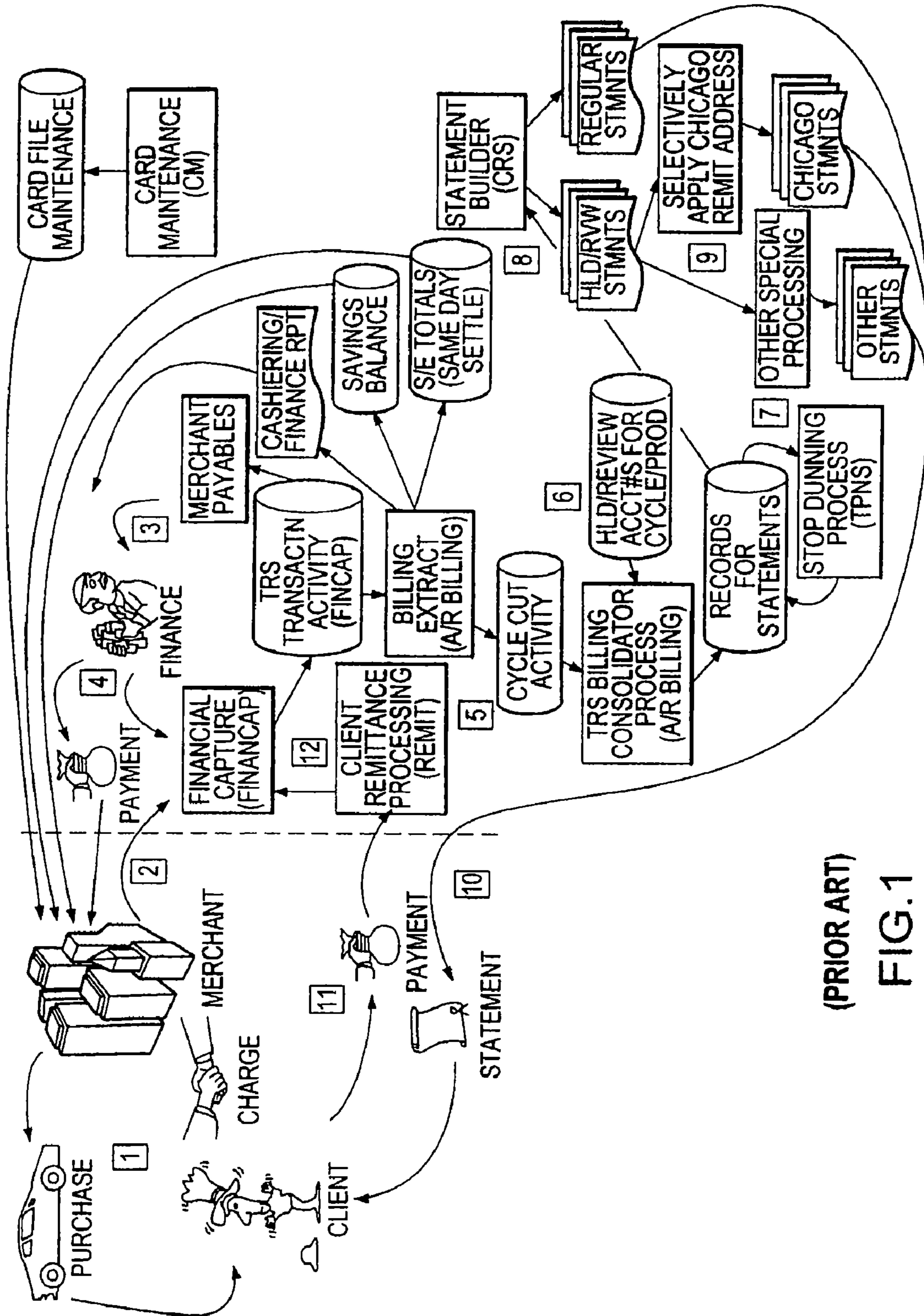
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(PRIOR ART)  
FIG. 1

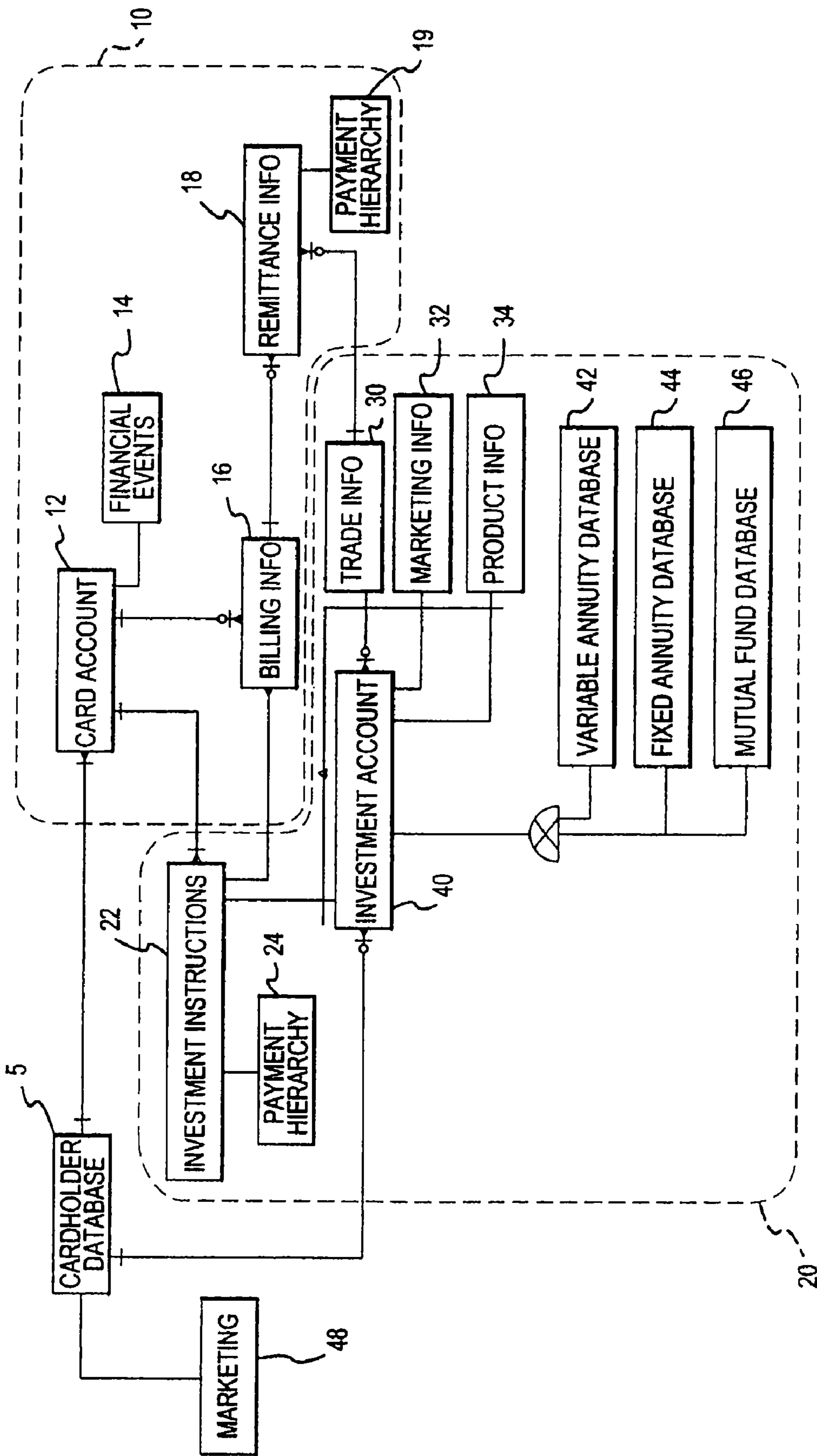


FIG.2

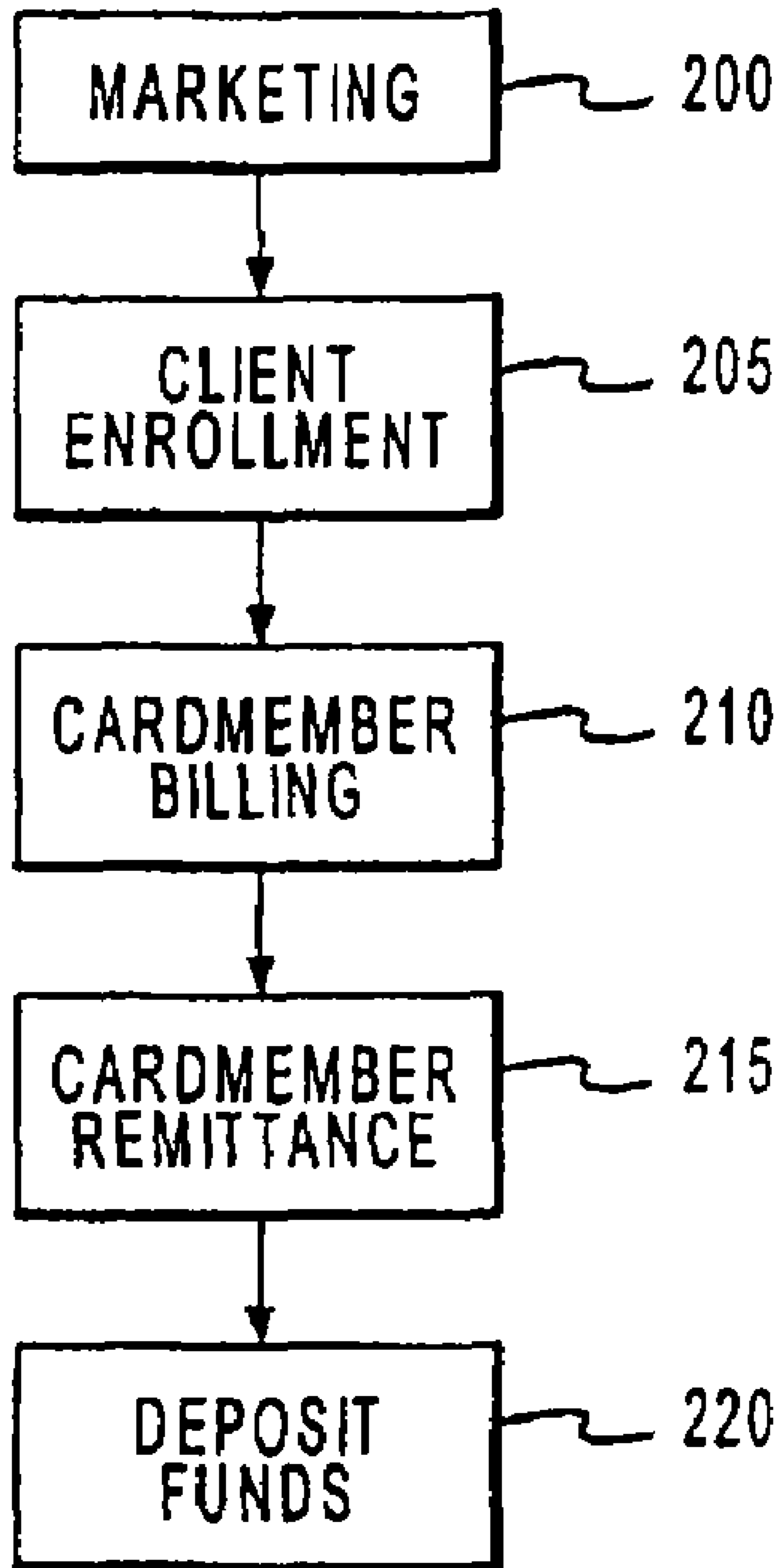


FIG.3A



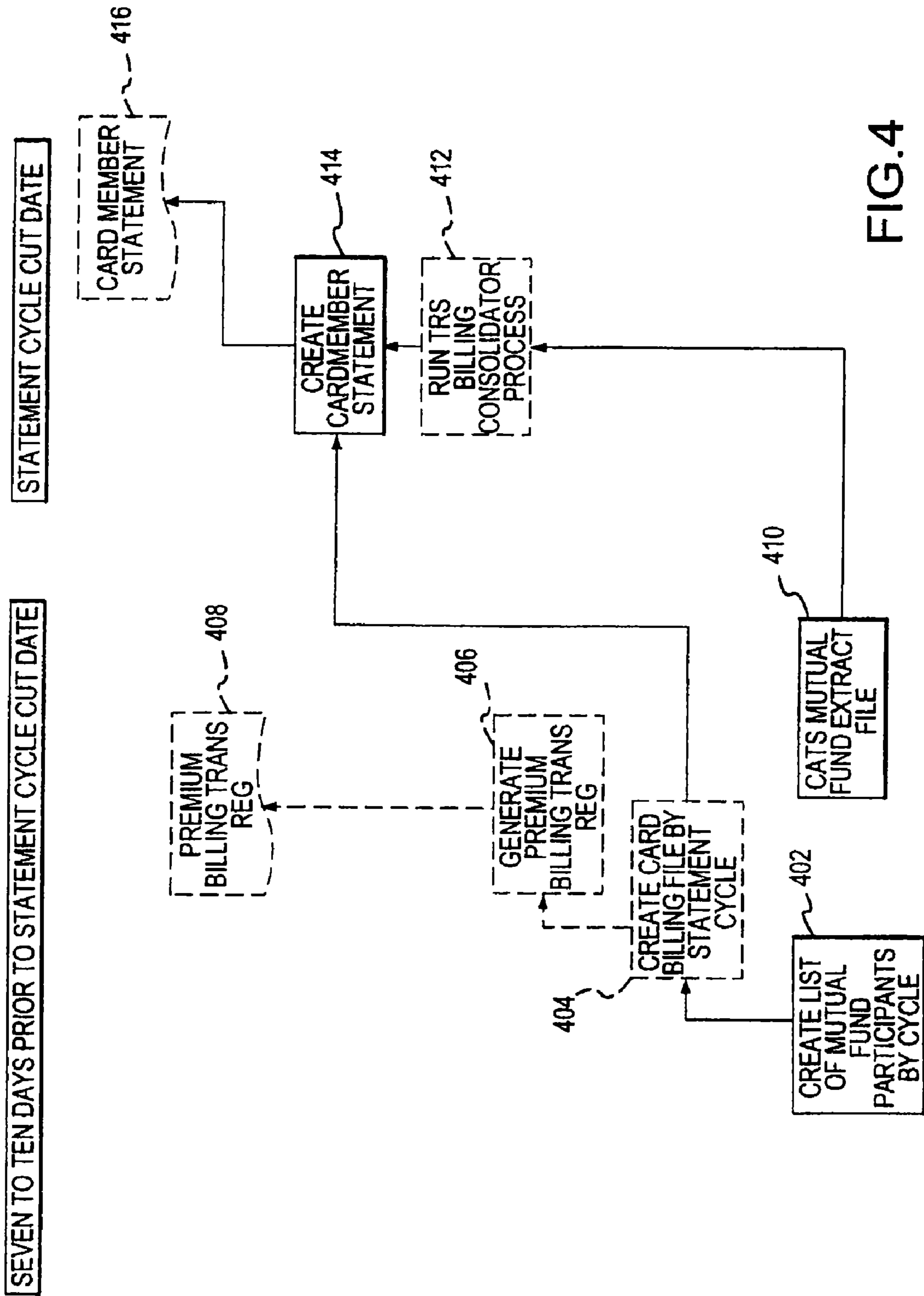


FIG.4

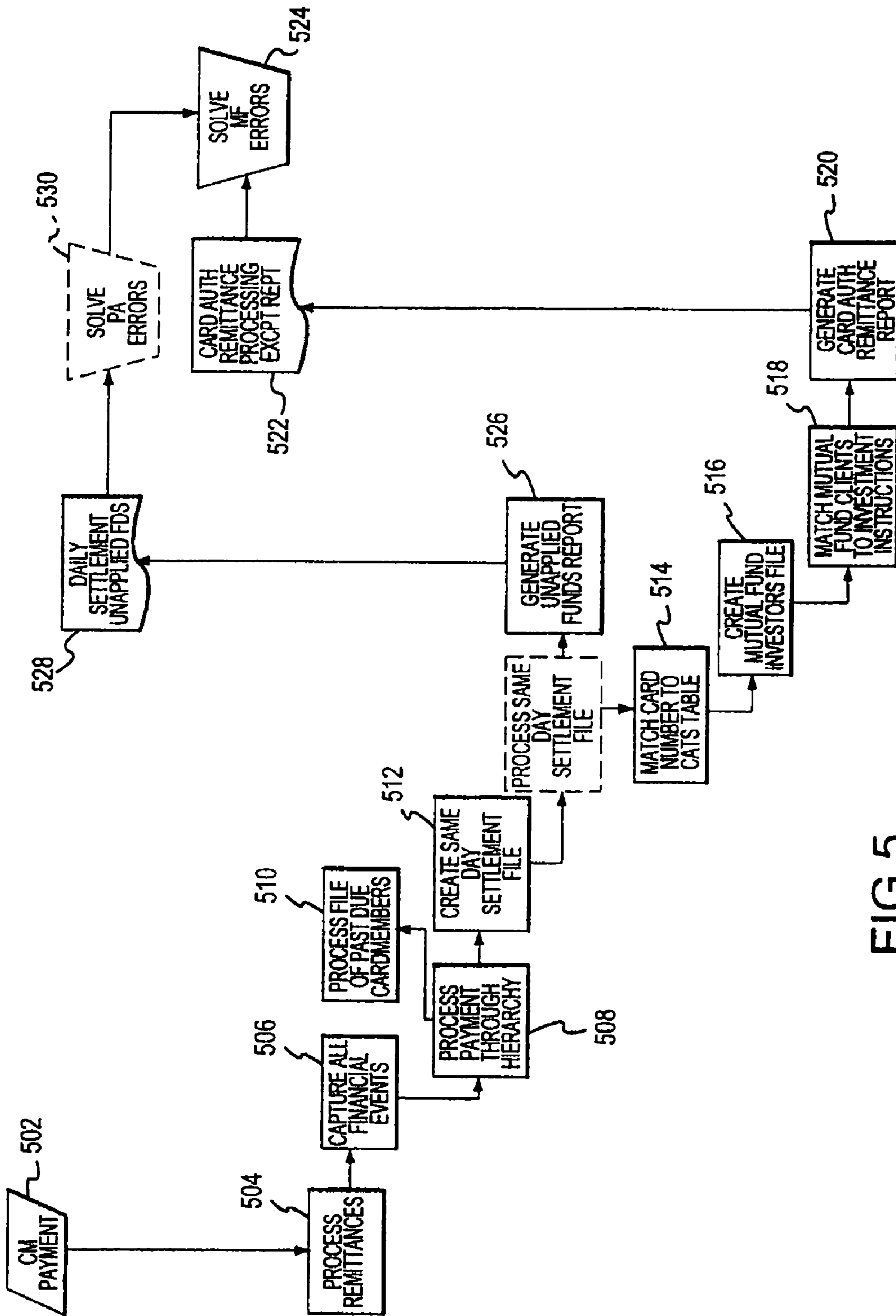


FIG. 5



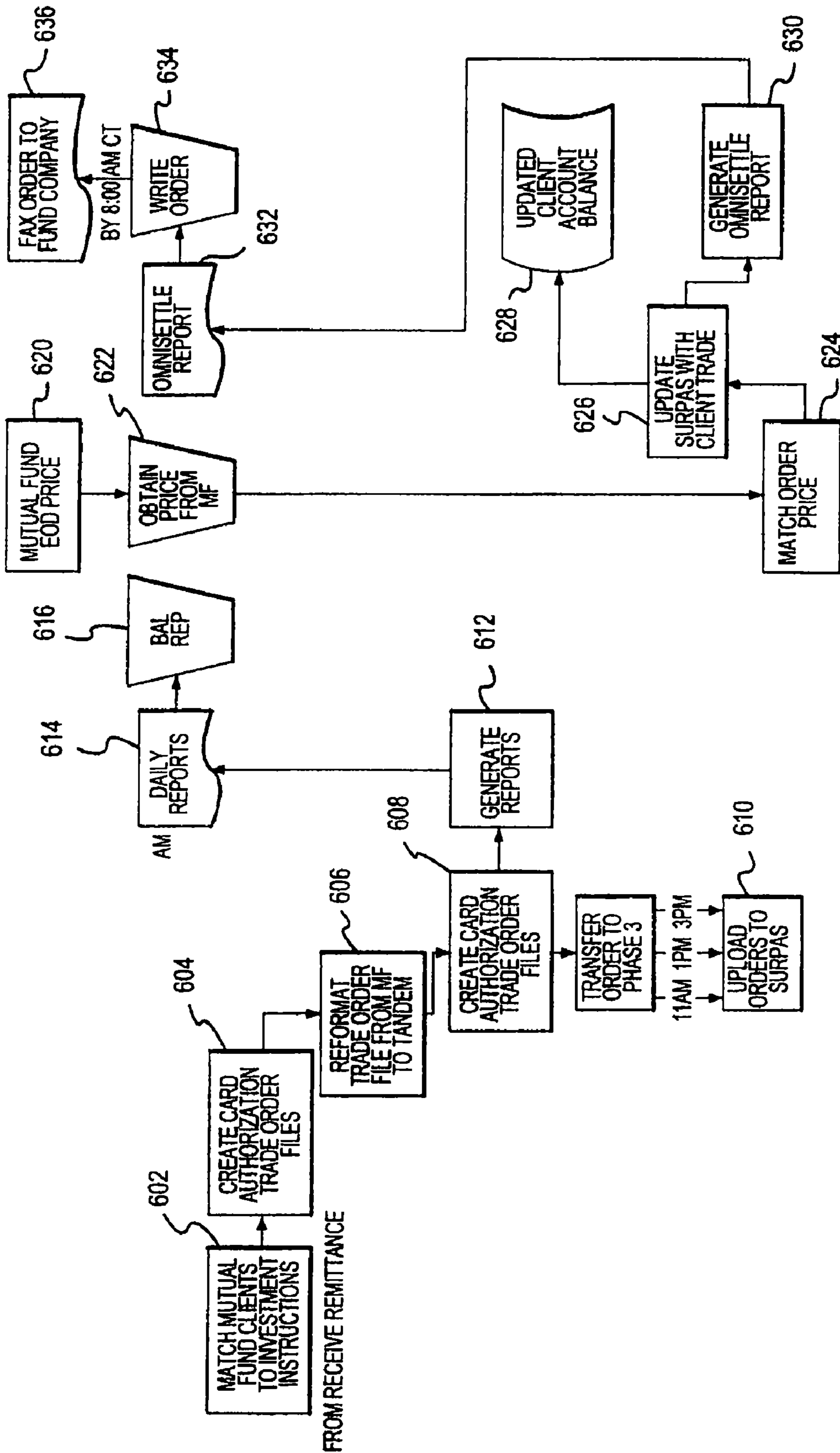


FIG. 6

PERSONAL CARD STATEMENT OF ACCOUNT

PAGE 1 OF 4

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CLOSING DATE  
DECEMBER 20, 1996 3720

ACCOUNT NUMBER

PREVIOUS CARD BALANCE \$	CARD PAYMENTS/CREDITS \$	NEW CARD CHARGES \$	NEW CARD BALANCE \$	S&T AND/OR SPA MINIMUM PAYMENT \$	MINIMUM AMOUNT DUE \$
233.09	-233.09	157.50	157.50	20.00	177.50

STATEMENT INCLUDES PAYMENTS AND CHARGES RECEIVED BY DECEMBER 20, 1996.  
\*INDICATES POSTING DATE.

JOIN US IN THE CHARGE AGAINST HUNGER IN NOV. & DEC. HELP PROVIDE A MEAL FOR SOMEONE WHO IS HUNGRY. FOR MORE INFO. PLEASE REFER TO CARDMEMBER VALUES OR CALL (888)8-TO-GIVE.

TERMS-PAYABLE IN FULL UPON RECEIPT OF STATEMENT.

FOR FAST BALANCE AND PAYMENT INFORMATION, CALL OUR AUTOMATED SERVICE LINE AT 1-800-292-2639 USING A TOUCH TONE PHONE. PLEASE HAVE YOUR ACCOUNT NUMBER READY. IF YOU HAVE A QUESTION ABOUT YOUR ACCOUNT, CALL 1-800-528-4800 (24 HOURS/7 DAYS).

PLEASE REFER TO PAGE 4 FOR IMPORTANT INFORMATION REGARDING YOUR CARD ACCOUNT

SUMMARY OF ACCOUNT: TOTAL BALANCE \$455.99  
 SIGN & TRAVEL AND/OR SPECIAL PURCHASE ACCOUNT SEE THE ENCLOSED SIGN & TRAVEL AND/OR SPECIAL PURCHASE ACCOUNT STATEMENT OF ACCOUNT FOR COMPLETE TRANSACTION DETAIL. MINIMUM PAYMENT \$20.00

CARD DETAIL AMOUNT \$

CARD PAYMENTS

DECEMBER 7, 1996*	-150.79
215.44 PYMT RECVD-THANK YOU	
64.65 APPLIED TO SIGN & TRAVEL/SPA	
TOTAL OF CARD PAYMENTS	-150.79

CARD TRANSACTIONS FOR  
CARD 3720

NOVEMBER 14, 1996 LA PENICHE INC NEW ORLEANS LA FOOD/BEVERAGE REFERENCE 000000105840 ROC NUMBER 0000105840	22.15
NOVEMBER 26, 1996 LOUISIANA SUPERDOME NEW ORLEANS LA CHAIN ADDITION REFERENCE 00014031	20.70

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↓ PLEASE FOLD ON THE PERFORATION BELOW, DETACH AND RETURN WITH YOUR PAYMENT ↓

CONTINUED ON REVERSE

PAYMENT COUPON

ACCOUNT NUMBER  
3720

PLEASE PAY BY:  
JANUARY 14, 1997

MINIMUM AMOUNT DUE  
\$177.50

PLEASE ENTER ACCOUNT NUMBER ON ALL CHECKS AND CORRESPONDENCE. PAYABLE IN U.S. DOLLARS UPON RECEIPT WITH A CHECK DRAWN ON A BANK IN THE U.S. OR MONEY ORDER, PROCESSABLE THROUGH THE U.S. BANKING SYSTEM.

70153-3062



MAIL PAYMENT TO:

AMERICAN EXPRESS TRS  
SUITE 0001  
CHICAGO IL 60679-0001



CHECK HERE IF ADDRESS OR TELEPHONE NUMBER HAS CHANGED. NOTE CHANGES ON REVERSE SIDE.

2067202685 000177500000157509

FIG.7A

CARD DETAIL CONTINUED		AMOUNT \$	PAGE 2 OF 4
NOVEMBER 30, 1996	TRAVEL & LEISURE 800-888-8728 NY, NY DU 1961029 SUBSCRIPTION REFUND	-33.00	705
DECEMBER 1, 1996	VERA CRUZ NEW ORLEANS LA FOOD/BEVERAGE	30.00	
	FOOD/BEV 17.74 TIP 12.26 REFERENCE 00010174		
DECEMBER 2, 1996	CREDIT PENDING INVESTIGATION OF DISPUTE	-24.65	
DECEMBER 2, 1996	GEVALIA KAFFE 800-438-2542 IA 112996 57 COFFEE SHIPMENT	-24.65	
DECEMBER 3, 1996	REBILLING OF OUR PREV. ISSUED CREDIT	24.65	
DECEMBER 11, 1996*	PRIVELEGED ASSETS MINNEAPOLIS MN DEC CONTRIBUTION PRIVELEGED ASSETS CERTIFICATE # 9555854655 FOR INQUIRIES CALL 1-800-633-4003 REFERENCE 9555854655 ROC NUMBER 9555864655	60.00	710
TOTAL FOR		75.20	
NEW CHARGES 157.50	NEW CREDIT -82.30		
TOTAL OF CARD ACTIVITY	NEW CARD CHARGES 157.50 NEW CARD PAYMENTS/CREDITS -233.09		

CHANGE OF ADDRESS  
IF CORRECT ON FRONT  
DO NOT USE

CONTINUED ON NEXT PAGE

NAME																
COMPANY NAME																
STREET ADDRESS																
CITY-STATE																
ZIP CODE																
AREA CODE AND HOME PHONE NUMBER																
AREA CODE AND WORK PHONE NUMBER																

FIG.7B

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**SYSTEM AND METHOD FOR DIVIDING A  
REMITTANCE AND DISTRIBUTING A  
PORTION OF THE FUNDS TO MULTIPLE  
INVESTMENT PRODUCTS**

CROSS-REFERENCE TO RELATED  
APPLICATIONS

This application is a continuation of U.S. patent applica-  
tion Ser. No. 09/415,632 entitled "SYSTEM AND METHOD  
FOR DIVIDING A REMITTANCE AND DISTRIBUTING  
A PORTION OF THE FUNDS TO MULTIPLE INVEST-  
MENT PRODUCTS," filed on Oct. 12, 1999 and which appli-  
cation is incorporated herein by reference.

CROSS-REFERENCE TO RELATED  
DOCUMENTS

A portion of the disclosure of this patent document con-  
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records, but reserves all other copyrights whatsoever.

TECHNICAL FIELD

The present invention relates generally to a system and  
method for applying funds to investment products, and more  
particularly, to a system and method for using a transaction  
card billing system to allow cardholders to make predeter-  
mined investment contributions to multiple investment prod-  
ucts on a regular basis.

BACKGROUND ART AND TECHNICAL  
PROBLEMS

An increasing number of people are investing their money  
in a variety of investment products. For many of these people,  
a prudent investment strategy is to fund investment products,  
such as annuities, mutual funds, brokerage accounts, CDs,  
insurance, certificates, equities and the like, on a regular  
basis. However, even if people send a check to fund an invest-  
ment product, the remittance process is typically time con-  
suming and people often lack the discipline required to fund  
investment accounts on a regular basis. Moreover, people  
already typically write numerous checks each month to pay  
for transaction cards, utilities, investment products and other  
recurring expenses.

Due to the inefficiencies associated with numerous  
required remittances, people desire to avoid the hassles of  
multiple payments each month to various entities. Accord-  
ingly, a system which combines payments owed to selected  
entities and which relieves the consumer of the burden of  
having to proactively deposit separate investment funds each  
month is needed. Thus, a system which conveniently com-  
bines transaction card payments with investment product  
payments would help to solve some of the existing remittance  
problems and satisfy unmet consumer needs. The combined  
system would also provide substantial benefits to the invest-  
ment product brokers by increasing the percentage of card-  
holders who purchase investment products. Furthermore, the  
combination of transaction card payments and investment  
product payments would benefit the broker by allowing the  
broker to analyze the cardholder investment decision-making  
process and suggest other investment options to the card-  
holder.

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With respect to transaction cards, an increasing number of  
people use transaction cards each month, such as credit cards,  
charge cards, debit cards and the like, wherein the cards are  
primarily designed as a method of payment, a bill paying  
mechanism, or a means of financing the purchases of goods  
and services. Therefore, with respect to implementation of a  
combined system, most transaction card companies have  
already developed efficient billing and remittance systems, so  
supplementing the existing billing systems with investment  
product billing and allocation functionality would most likely  
be a relatively modest software and hardware investment.

SUMMARY OF THE INVENTION

Prior to beginning the investing account arrangement with  
a transaction card company, the cardholders notify an invest-  
ment broker system of their investment product selection, the  
total amount they intend to invest on a monthly basis, and the  
specific investment amount for each investment product. The  
investment broker system populates an investment instruction  
arrangement database with the cardholder information,  
namely the selected investment products and investment  
amounts. The charge card administrator, using an administra-  
tive system, then incorporates the cardholders' intended  
investment amounts onto its respective charge card billing  
statements as a reminder to remit the investment amount  
along with the regular charge card payment. After receiving  
the statement, the cardholder sends a single check for both  
regular charge card purchases and for the investment pur-  
chases.

When the cardholder payment is received by the charge  
card administrator, the payment processing system deter-  
mines, based on the cardholder's preselected investments,  
how each of the cardholders' payments should be allocated  
between regular charge card payments and investment  
amounts, namely through the use of a payment hierarchy  
which includes a predetermined set of allocation rules. The  
charge card administrator's payment processing system then  
electronically forwards the appropriate investment amount  
request to the broker to execute the investments based upon  
another payment hierarchy related to the allocation of the  
investment funds among the investment products. After  
executing the investment, the broker system notifies the card-  
holder of the price at which the investments were purchased  
by the system.

BRIEF DESCRIPTION OF THE DRAWINGS

The subject invention will hereinafter be described in con-  
junction with the appended drawing figures, wherein like  
numerals denote like elements, and:

FIG. 1 is an exemplary block diagram showing a prior art  
card purchase/payment process including billing remittance  
and settlement;

FIG. 2 is an exemplary logical data model of the data  
relationships and rules in accordance with one embodiment  
of the present invention;

FIG. 3A is an exemplary high-level process flow diagram  
showing a general method in accordance with one embodi-  
ment of the present invention;

FIG. 3B is an exemplary process diagram showing a more  
detailed method in accordance with one embodiment of the  
present invention;

FIG. 4 is an exemplary flow diagram showing a more  
detailed method of the cardholder billing process for mutual  
funds in accordance with one embodiment of the present  
invention;

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FIG. 5 is an exemplary flow diagram showing a more detailed method of the cardholder remittance process for mutual funds in accordance with one embodiment of the present invention;

FIG. 6 is an exemplary flow diagram showing a more detailed method of the create order and execute order process for mutual funds in accordance with one embodiment of the present invention;

FIG. 7A shows an exemplary billing statement summary page in accordance with one embodiment of the present invention; and,

FIG. 7B shows an exemplary billing statement detail page in accordance with one embodiment of the present invention.

#### DETAILED DESCRIPTION

As background, FIG. 1 shows an exemplary flow diagram of a typical prior art transaction card payment processing system including the billing, remittance and settlement processes. To start the billing process, a client purchases an item at a merchant by charging the item on a charge card (step 1). The merchant suitably reports the charge to the financial capture system of the charge card administrator (step 2), then the merchant payable system within the charge card system processes the pending payables and reports the payables to the charge card finance department so that the finance department knows the amount of funds to provide back to the merchant (step 3). The finance department then wires payment to the merchant and records the payment (financial event) in the financial capture system (step 4).

The charge card system also extracts the billing, remittance and adjustment information from the financial capture system, so that the accounts receivable billing system is able to group the new purchases with prior remittances and adjustments which occurred since the prior billing period (step 5). If appropriate, a hold and review code is assigned to a particular account number (step 6). The billing records are then scanned by the collection system, and if appropriate, adjustments are made to the billing records such as, for example, initiating a collection process for overdue amounts, canceling finance charges for overdue amounts, reversal of outstanding bills if the bills are over two months old, preparing a letter to the client explaining the reversal of the account, preparing a 60-day report letter to the client and/or the like (step 7). After completing the account analysis, the statement system populates the billing statements (step 8) and appropriately addresses the billing statements (step 9), then the billing statements are suitably transmitted to the clients (step 10).

After receiving the billing statement, the cardholder remits a check, electronic payment or other negotiable instrument to a payment center of the charge card administrator to cover the previously incurred charges (step 11). Upon receiving the remittance payment from the cardholder, the remittance processing system transmits a remittance receivables file to the financial capture system to settle the account (step 12).

In accordance with a preferred embodiment, the present system includes a charge card billing system 10 that communicates with an investment broker system 20 as illustrated in FIG. 2 and as explained more fully below. One skilled in the art will appreciate that, as used herein, a "cardholder" includes any person or entity which uses a transaction card and participates in the present system. Similarly, a "transaction card" or "card" includes any device or code suitably configured to allow the cardholder to interact or communicate with the system, such as, for example, a charge card, credit card, debit card, prepaid card, telephone card, smart card, magnetic stripe card, bar code card, authorization/access

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code, PIN number, Internet code and/or the like. Thus, the cardholder may include a person who is simply in possession of an authorization or account code. Moreover, communication between the cardholder and the system preferably exists by any suitable communication means, such as, for example, a telephone network, Intranet, Internet, point of interaction device (point of sale device, personal digital assistant, cellular phone, kiosk, etc.), on-line communications, off-line communications and/or the like. One skilled in the art will also appreciate that, for security reasons, any databases, systems or components of the present invention may consist of any combination of databases or components at a single location or at multiple locations wherein each database or system includes various security features such as firewalls, access codes, encryption, compression and/or the like.

The general steps in the operation of a preferred system are illustrated by the flowchart of FIG. 3A. An investment broker system 20 markets the benefits of the system to cardholders (step 200). An interested cardholder enrolls in the system and suitably appoints the charge card administrator as a processing agent to collect and promptly remit to the investment broker system 20 the cardholder's voluntary, periodic payments of cardholder funds (wherein the cardholder funds do not include a required repayment of a loan from the charge card administrator) for investment into preselected mutual fund shares, fixed annuities, variable annuities, CDs, insurance, certificates, equities and/or the like (step 205). Billing system 10 (FIG. 2) preferably distributes a billing statement at the end of each month, wherein the statement includes all of the charges for that month and a reminder to remit an additional dollar amount for the preselected investments (step 210). The cardholder then sends a single payment for the charges and the investments to the charge card administrator (step 215). After receiving the payment, the billing system 10 appropriately unbundles the payment and distributes the remitted payment to card account 12 to satisfy the charges and/or to the investment broker system 20 to purchase investment products (step 220).

More particularly, with reference to FIG. 2, the system preferably includes a marketing system 48 having a cardholder database 5, a billing system 10 and an investment broker system 20. Marketing system 48 is any database, software, hardware, system and/or the like suitably configured to communicate with cardholder database 5, billing system 10 and/or investment broker system 20. Marketing system 48 is also configured to analyze cardholder statistics and investment product statistics, while compiling a list of cardholders which meet predetermined criteria for solicitation. The predetermined cardholder criteria includes, for example, card type, account numbers, client card address, year of birth and solicitation codes. Marketing system 48 also preferably tracks existing cardholders' activity, investing preferences and investing patterns to further refine the client and investment product selection process. With respect to the investment products, marketing system 48 analyzes statistics for various investment products to determine the optimal investment products to offer to selected cardholders. In a preferred embodiment, marketing system 48 suitably creates an acquisition tape of preferred cardholders and investment products and transmits the acquisition tape to investment broker system 20. Marketing system 48 is preferably the American Express MID System.

Cardholder database 5 is any database, software, hardware, system and/or the like suitably configured to communicate with marketing system 48, billing system 10 or investment broker system 20 and to accept, store and transmit cardholder information. Cardholder database 5 preferably includes any

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information related to the cardholder including, for example, name, address, demographic information, social security number, date of birth, spending habit information, billing history information, credit history information and/or the like. In a preferred embodiment, cardholder database **5** is the American Express CIM/Legacy System.

Billing system **10** is any system, software, hardware, database and/or the like which is suitably configured to organize and print billing information and/or monitor, store, audit or obtain remittance information. Billing system **10** can be an existing billing system such as, for example, the American Express Legacy Accounts Receivable System, or can be a specially configured billing system to provide the functions of the present invention. In a preferred embodiment, billing system **10** includes card account database **12**, financial events database **14**, billing information database **16** and remittance information database **18**. One of ordinary skill in the art will appreciate that, although billing system **10** is described as the interconnection of numerous databases, billing system **10** can be a single system or database or any combination thereof.

Card account database **12** includes any database, system, software, hardware, and/or the like suitably configured to store card account and related information. Card account database **12** may include an individual account for an individual cardholder or card account database **12** may include a plurality of card accounts for each cardholder **5** if the cardholder uses multiple cards. One skilled in the art will appreciate that card account database **12** can be an individual transaction card database, multiple transaction card databases, or a single database including transaction card information from multiple transaction card administrators. As such, card account database preferably includes appropriate security to limit access to particular transaction card information by other transaction card administrators. For example, card account database **12** may include all American Express charge card account information. Alternatively, card account database **12** may include VISA credit card account information, American Express charge card account information, MasterCard credit card information, etc.

Financial events database **14** is any database, hardware, software and/or the like which is suitably configured to communicate with card account database **12** and merchant databases in order to monitor and capture information from merchant transactions involving the charge card. In a preferred embodiment, financial events database **14** is an existing merchant charge card system, such as, for example, the American Express FINCAP system, which is suitably reconfigured to communicate with the present invention. One skilled in the art will appreciate that the present invention can alternatively include a financial events database which is specially configured to interact with the present invention.

Billing information database **16** is any database, software, hardware and/or the like which is suitably configured to monitor billing information and transmit billing information throughout the system and to cardholders. Billing information database **16** preferably communicates with remittance information database **18**, card account database **12** and investment broker system **20**. In a preferred embodiment, billing information database **16** includes information about each charge on a particular card by a particular cardholder. Billing information database **16** also preferably creates billing statements (see FIG. 7) wherein the information on the billing statement includes charge card information (from financial event database **14**) and investment account information (from investment instruction arrangement database **22**).

Remittance information database **18** is any database, software, hardware and/or the like which is suitably configured to

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monitor receivables and store information about monies received from cardholders in response to a billing statement. Remittance information database **18** preferably communicates with billing information database **16**, investment system **20** and payment hierarchy system **19**. Payment hierarchy system **19** is any system, software, hardware, database and/or the like suitably configured to divide and prioritize remitted cardholder payments based upon pre-established business rules for the sequence of distribution of the received funds. In other words, payment hierarchy system **19** allocates remitted cardholder funds among current and past due card charges in order to prevent the cardholder from defaulting on the cardholder's account.

With continued reference to FIG. 2, investment broker system **20** is any system, software, hardware, database and/or the like suitably configured to communicate with billing system **10**, store information related to multiple investment products and apply remitted funds to multiple investment products based upon cardholder instructions. In a preferred embodiment, investment system **20** partially includes the American Express CAMS/CATS System for multiple variable fund and fixed fund products or the Vantage System for the limited annuity products. In a preferred embodiment, investment broker system **20** includes investment instruction arrangement database **22**, payment hierarchy system **24**, investment account database **40** which includes variable annuity database **42**, fixed annuity database **44** and mutual fund database **46**, trade information database **30**, marketing information database **32** and product information database **34**.

Investment instruction arrangement database **22** is any database, software, hardware, system and/or the like suitably configured to provide a set of instructions for the distribution of investment funds to the appropriate investment products and for providing remittance information for a particular investment to be included on a billing statement of a particular transaction. In a preferred embodiment, investment instruction arrangement database **22** includes, for each investment, the period in which the investment amount appears on the billing statement, the amount to be distributed, whether the distribution is a percentage of the whole investment amount or is a predetermined amount and/or the like. Investment instruction arrangement database **22** preferably communicates with investment payment hierarchy system **24**, investment account database **40** and billing system **10**. Investment payment hierarchy **24** is any system, database, software, hardware and/or the like suitably configured to determine the allocation of investment funds among pre-selected investment products. In a preferred embodiment, investment payment hierarchy system **24** includes a set of instructions which determines the ordering in which the investment products are populated with investment monies and, if sufficient funds do not exist, investment payment hierarchy **24** determines the amount of funding, if any, for each of the investment products.

Investment account database **40** is any system, database, software, hardware and/or the like suitably configured to communicate with investment instruction arrangement database **22**. Investment account database **40** is also any database suitably configured to store investment products. "Investment products" include, for example, variable annuity products **42**, fixed annuity products **44** and mutual funds products **46**, but one skilled in the art will appreciate that any investment product may be available such as CDs, insurance, certificates, equities, savings accounts and the like.

Information databases **30**, **32** and **34** are optional features which suitably communicate with investment instruction arrangement database **22**. Trade information database **30** preferably includes information related to a particular trade or

add-on to a cardholder's account, such as, for example, the number of shares and share price. Trade information database **30** suitably informs investment instruction arrangement database **22** of a remittance into remittance database **18**. Marketing information database **32** preferably includes information about a marketing campaign or effort. Product information database **34** preferably includes information regarding an investment product which is offered by the investment broker system **20**.

One skilled in the art will appreciate that investment account **40** and information databases **30**, **32** and **34** are exemplary and any number of such databases may or may not communicate with the present system and provide information at any process step or to any database. Moreover, third party information databases, brokers, investment products and/or the like may also communicate with the present system in order to provide the cardholder with increased information and investment opportunities. Furthermore, the cardholder can access any of the aforementioned databases through a telephone system, touchtone response system, voice response system, Internet system or any other means for accessing data.

Additionally, the aforementioned systems and databases are preferred embodiments; however, one skilled in the art will appreciate that numerous other databases and systems may suitably communicate with the present system in order to provide enhanced functionality and information resources for the charge card administrator and the cardholder. For example, the system may include additional functionality for establishing cardholder accounts, enrolling cardholders, billing cardholders, crediting cardholders for unpaid billings, establishing collection procedures, bypassing incompatible charge card functionalities (e.g., submitting unpaid amounts to collections, bypassing the authorization process, etc.), functionality for recovering from errors in transmissions or late transmissions, transferring monies to bank accounts, correcting misapplied payments and transmitting the funds back to the cardholder, processing withdrawals from the investment accounts, providing actuarial data to support reserve accounts, functionality to update name changes, address changes, card number changes and card status, reporting functionality, and the abilities to evaluate cardholder activity. The reporting capabilities include card reconciliation transmission reports, finance reports to track the number of client and the number of transactions, unprocessed transaction reports, credit adjustment reports, non-financial transaction reports, partial payment reports, paid more than billed reports, paid as billed reports, change request reports, file maintenance error reports and unapplied funds reports.

The operation of the system in accordance with a preferred embodiment is illustrated by the flow diagram of FIG. **3B**, along with continued reference to FIG. **2**. After defining and selecting particular cardholders and investment products which meet predetermined criteria, marketing system **48** suitably creates an acquisition tape (step **300**) and suitably transmits the acquisition tape to investment broker system **20**. Investment broker system **20** preferably loads the respective information from the acquisition tape into marketing information database **32** and product information database **34**, along with updating cardholder database **5** (step **302**). The system then preferably transmits an acquisition (sign-up) offer to the pre-selected cardholders (step **304**), via regular mail, Internet, point of interaction device or other electronic means. If the cardholders are interested in participating in the system, the cardholders preferably respond to the offer by submitting, via regular mail, Internet, point of interaction device or other electronic means, investment instruction

arrangements to the system (step **306**), wherein the system stores the investment instruction arrangements for each cardholder in investment instruction arrangement database **22** while also establishing an investment account for each interested cardholder in investment account database **40** (step **308**). Alternatively, any person can approach the billing system administrator or investment broker system **20**, become a cardmember and participate in the present investment broker system.

The system then creates a list of cardholder participants who are within the same billing cycle (step **310**) and the investment broker system **20** transmits the list of cardholders along with their individual investment instruction arrangements to billing information database **16** preferably at least seven days prior to the end of the particular billing cycle (step **312**). In a preferred embodiment, the list of cardholders created by investment broker system **20** includes a file of billing statements based on the cardholder's billing cycle, wherein the number in the tenth field of the cardholder's account number preferably determines the type of billing cycle (e.g., an "8" in the tenth field of the cardholder account number instructs billing system **10** about which of the monthly billing cycles to use). The list of cardholders also preferably includes, for each cardholder, card account number, policy number, bill amount, the month the contribution represents, service establishment number, product name, an 800 number (for the cardholder to obtain more information about the investment product) and investment product service team location (informs the cardholder where the particular customer service representatives are located). With respect to a service establishment number, each investment broker system **20** is preferably considered a different "service establishment" (or company/merchant) within the system in order to simplify the incorporation and recognition of the investment system into billing system **10**. Alternatively, the investment broker system **20** may be listed separately on billing statements without reference to a service establishment number.

Billing information database **16** next suitably prepares and transmits a billing statement to the cardholder, wherein the billing statement includes the aforementioned information received from investment broker system **20**. At the same time the billing information is sent to billing information database **16**, an extract file is transmitted to remittance database **18**. More particularly, with reference to FIG. **4**, investment system **20** suitably creates a list of investment product cardholders which all share a similar statement cycle (step **402**). Investment system **20** then preferably assigns a particular investment product(s) within an arrangement database (an arrangement database includes multiple investment product offerings) with an active status for each statement cycle. For each cardholder on the list, the system stores additional information such as, for example, card number, date, billing amount, vendor name (such as American Express Financial Advisors Inc.), city/state, contribution period, product name and account identification number.

The system then creates a card billing file for each statement cycle, wherein the billing file consolidates all cardholders and adds a telephone number, reference number and ROC (record of charge) number for each record at the time of consolidation (step **404**). After creating the card billing file, in an alternative embodiment, the system suitably generates a premium billing transmittal register which is preferably a summary by CAP (central affiliated property) number (overall company number, e.g. Walmart) and service establishment number (specific store, e.g. Walmart on 6th Street in Phoenix, Ariz.) of the number of records and amounts included on each billing cycle (step **406**). The premium billing transmittal reg-

ister is then suitably transmitted to billing system **10** (step **408**). In a preferred embodiment, after creating the card billing file (step **404**), a cardholder statement is suitably created at billing information database **16** (step **414**) and the cardholder statement is subsequently mailed to the cardholder (step **416**). At the same time as the billing information is transmitted, the investment broker system **20** creates an investment product extract file which includes card numbers for all investment broker system **20** card authorization arrangements having both active and inactive arrangements (step **410**). The investment product extract file is then suitably transmitted to billing system **10** which runs a billing consolidator process (step **412**) and then creates the cardholder statements (step **414**) which are subsequently mailed to the cardholders (step **416**).

In a preferred embodiment, as illustrated in FIGS. 3B, 7A and 7B, and with continued reference to FIG. 2, the investment product amount owed is incorporated into a known charge card billing statement. Thus, the cardholder receives a consolidated billing statement which includes charge card expenditures **705** along with a desired investment product amount **710** (FIG. 7A shows an exemplary billing statement summary page and FIG. 7B shows an exemplary billing statement detail page). After the cardholder is suitably billed by billing system **10** (step **314**), the system stores the billing information within a savings balance database (step **332**). The savings balance database is any database suitably configured to store the pending investment contribution balance of each card, wherein the balance includes the billed, received and outstanding amounts. After receiving the billing statement, the cardholder submits payment to the charge card administrator by drafting and submitting any suitable negotiable instrument to the charge card administrator. The cardholder may receive the billing statement through regular mail, Internet or other electronic means and the cardholder may remit payment via similar means. Upon remittance of the payment to the charge card administrator, the remittance information is suitably inputted and stored in remittance information database **18** (step **316**).

The received payment is suitably unbundled by processing the payment through payment hierarchy **19** (step **320**) to determine the appropriate dollar amount per client to be applied to the appropriate financial events (step **318**) and investment products. The financial event allocation is determined by an analysis of the financial capture information, wherein the financial capture information represents the merchant charges incurred by the cardholder. The financial event database **14** captures information from any system suitably configured to retrieve, sort and store financial event information, such as, preferably the American Express FINCAP system. Payment hierarchy **19** suitably determines any outstanding amounts due (step **330**) and creates a settlement file of all cardholders (step **324**) which includes the appropriate allocation of the cardholders' remitted funds. In other words, billing system **10** reviews the remitted amount from each cardholder (step **322**), then consolidates, preferably each day, all remitted amounts into a single settlement file which is transmitted to investment broker system **20**. As discussed above, prior to beginning the investment arrangement with the charge card administrator, the cardholders provide investment instruction arrangements for the specific investment products and the amount they intend to invest on a monthly basis to investment instruction arrangement database **22**. Based upon the previously submitted instructions stored in investment instruction arrangement database **22**, investment broker system **20** allocates the remitted amounts to the appropriate investment product account **40** (step **326**).

With respect to the outstanding financial event amounts due from each cardholder (step **330**) in a typical billing cycle, billing system **10** preferably creates a file of past due cardholders (step **331**) and transmits the file to a suitable collections system, such as, for example, the American Express TPNS collections system, which communicates with the cardholder to appropriately resolve the past due accounting issues. With respect to investment funds, investment system **20** communicates with billing system **10** to stop the collection process because the investment funds are preferably not required payments.

More particularly, with reference to FIG. 5, after the cardholder submits payment to billing system **10** (step **502**), billing system **10** suitably processes the remittances (step **504**) through payment hierarchy system **19** which applies a payment hierarchy to the remitted funds to determine the ordering for applying payments to the outstanding amounts owed to the financial events (step **508**). The financial events are card charges at merchants which were previously incurred by the cardholders and which were previously captured by billing system **10** and preferably stored in financial event database **14**. If the remitted funds are insufficient to satisfy the amount owed to merchants for the financial events, billing system **10** suitably processes a file of past-due cardholders (step **510**) wherein the file of past-due cardholders is forwarded to a collections system.

In a preferred embodiment of the present invention, investment broker system **20** includes its own investment payment hierarchy system **24**. Thus, while payment hierarchy system **19** processes the remitted payment with respect to the financial events located in financial event database **14**, investment payment hierarchy system **24** processes the remitted payments to determine the allocation of funds to the preselected investment products. For example, if the cardholder instructions include \$50 to Mutual Fund A and \$25 to Annuity B each month, yet the cardholder only submits an additional \$20, investment payment hierarchy may apply \$15 to Mutual Fund A and \$5 to Annuity B.

However, if the cardholder submitted insufficient funds to satisfy the intended allocation to the investment products, the collections system of billing system **10** will not include the cardholder in the past-due cardholder file (as long as the remitted funds satisfy the amounts owed for the financial events). In other words, because participation in the investment products is voluntary, if the cardholder does not submit a sufficient amount of additional funds to satisfy the intended allocation to the investment products, the collections system does not submit the cardholder account to the collections system and the system does not charge interest for the unpaid investment funds.

Moreover, the collections system preferably monitors the non-payment of investment funds. Particularly, if the cardholder does not submit the selected investment funds for a predetermined number of days, preferably 60 days, the collections system will remove the cardholder from card account **12** of the billing system **10** and the billing statement will no longer include a reminder to submit the investment funds. In a preferred embodiment, the collections system is the American Express TPNS system.

While payment hierarchies **19** and **24** suitably apply the appropriate business rules to determine the hierarchy of payments to the specific financial events and investment products, respectively, one of ordinary skill in the art will appreciate that payment hierarchy systems **19** and **24** include any system suitably configured to determine the appropriate allocation of remitted funds to internal charges or products and/or to third party charges or products. In an alternative embodi-



ment, the present system may charge a fee to the cardholder for applying the remitted funds to third party investment products.

For the cardholder investment products in which sufficient remittances are received, the billing system **10** creates a settlement file, preferably within the same day as the receipt of funds, which preferably includes the card account number, remittance amount and/or credit amount (step **512**). The billing system **10** then transmits the settlement file to investment broker system **20** which, preferably on the next day, matches the card account number to the preselected investment products within investment instruction arrangement database **22** to verify that the investment products were preselected. The newly-created investment product file is passed to the investment account database **40** to apply the remittances to the individual product accounts. The remittances are then matched to the investment instruction arrangements within investment instruction arrangement database **22** by matching the card number to the investment broker system **20** account identification and matching the remittance amount to the percent allocation (step **518**). Additionally, any credit amount which exists is preferably identified for future reporting. The system then applies the remitted funds to the active (selected) arrangements within investment instruction arrangement database **22** (step **514**).

An investment product file which includes a date, card number, remittance amount or credit amount for each record is preferably created within the arrangements of investment instruction arrangement database **22** (step **516**). Investment broker system **20** then generates a card authorization remittance report (step **520**) and the report is cross-checked for unmatched card numbers, remittances, credits and debits (step **522**). If any errors exist, investment broker system **20** resolves any exceptions on the card (step **524**) and provides an Authorization Remittance Processing Exception Report.

Moreover, after investment broker system **20** receives the settlement file from billing system **10**, investment broker system **20**, if appropriate, generates an unapplied funds report and/or an error report (step **526**). In a preferred embodiment, the unapplied funds settlement report is transmitted to investment broker system **20** to suitably inform investment broker system **20** of the investment fund errors and allows investment broker system **20** to resolve the investment fund errors (step **528** and **530**). In a preferred embodiment, the settlement file is comprised of two files which each include a record for each remittance, wherein the record preferably includes the card number, remittance amount and service establishment number.

With momentary reference to FIG. 3B, after investment payment hierarchy system **24** determines the appropriate allocation of the investment funds to particular investment products, investment instruction arrangement database **22** organizes the particular cardholder investment product purchase request in an arrangement database. Based upon the arrangement database within the investment instruction arrangement database **22**, the system trades or applies cardholder investment funds to create orders for investment products, execute trades from the investment funds, and apply the purchase payments to the appropriate investment product (step **326**). After applying the contribution requests to the appropriate investment product, the investment products are funded with the money from the consumer remittance (step **328**).

More particularly, with reference to FIG. 6, upon receipt of the settlement file from billing system **10**, investment broker system **20** utilizes the cardholder information within the settlement file to suitably obtain the particular investment

instruction arrangements for each cardholder from investment instruction arrangement database **22** (step **602**). Upon matching the cardholders with the investment instruction arrangements, investment broker system **20** suitably creates trade order files which preferably include a date, investment broker system **20** identification, ticker symbol, order amount and summary of total dollars (step **604**). In a preferred embodiment, the trade order files are reformatted to allow processing by a suitable trading system (step **606**), wherein the trading system communicates with the present invention. The orders are further supplemented with the appropriate trade information, such as, for example, an identification of the investment trade, a translation from the code account to a sweep fund, and an identification of the order as a qualified or non-qualified order (step **608**). In an alternative embodiment, the no-load or other non-proprietary orders (investment products not offered by the investment broker system **20**) are provided with a routing code to allow the order to be uploaded to another external system for further processing (step **610**).

Preferably, after investment broker system **20** creates the trade order file, the system generates reports such as, for example, card authorization order transactions, IRA cash transactions, non-IRA cash transactions, daily activity file counts, and/or the like (step **612**). The reports are then suitably transmitted to billing system **10** wherein billing system **10** allows the reports to be suitably available to billing system management (step **614**). Alternatively, the reports may be available to the cardholder via regular mail, facsimile, Internet or any other electronic means. The daily reports generated by the system also include a balance of the cardholder's investment funds (step **616**). In a preferred embodiment, to create the orders, execute the orders and execute the trades, investment broker system **20** includes any combination of systems suitably configured to perform the aforementioned functions such as, for example, the American Express Phase **3** and SURPAS systems which use the Tandem code and the SPTG (Special Products Technical Group) system for translating mainframe code to Tandem code.

With respect to the pricing of the investment products, investment broker system **20** or a third party investment product company suitably establishes an end-of-the-day price for the investment product (step **620**) and investment broker system **20** suitably obtains the investment product price from the third party investment product company (step **622**). The price is obtained manually, but one skilled in the art will appreciate that the price may be obtained automatically via software, electronic transfer or other mode of transmission. Investment broker system **20** suitably matches the previously created trade order file with the investment product price (step **624**). The system then preferably updates the trade order file with the price of the client trade (step **626**) and appropriately updates the client account balance (step **628**) within investment account database **40**. Additionally, investment broker system **20** suitably generates a settlement report (step **630**) and suitably transmits the report to investment broker system **20** (step **632**) which, in turn, writes the order (step **634**) and suitably transmits the order to the investment product company, preferably before the trading market opens, to allow the investment product company to execute the trade (step **636**).

One skilled in the art will appreciate that the transmission of the reports and orders is executed in any appropriate manner for transferring the information including manual reporting, facsimile, electronic reporting or other suitable mode of transmission. Moreover, in an alternative embodiment, the aforementioned functions for providing reports, obtaining investment product information, or writing orders can be accomplished by any third party business unit such as, for

example, a investment broker system **20** house. In a preferred embodiment, depending on securities regulations, trade information database **30** prices the variable investment product, such as mutual funds, within **24** hours after investment broker system **20** receives the cardholder funds. In a preferred embodiment, investment broker system **20** receives the settlement file and processes the file into trade orders and credits the card member account. The reconciliation report discussed above is preferably faxed to the cardholder on the morning of day 3 (three days from receiving the cardholder remittance). To conform with the appropriate securities regulations, all of the aforementioned transmission steps may be subjected to specific time of day turnaround requirements.

One skilled in the art will appreciate that, after the remittance process (step **215**), the system may incorporate any number of capabilities and functionalities which suitably enhance efficiencies and customer service. For example, the system may confirm investment product orders and trades, reconcile account balances, provide client statements, incorporate tax reporting summaries and suggestions, generate refund checks, reconcile money transfer amounts, process investment product withdrawals, wire transfer money and/or redeem mutual fund shares. Additionally, the system may provide manual or automatic services for managing client inquiries and requests and maintaining client data. Furthermore, cardholders may make withdrawals and changes to their investment broker system **20** accounts or terminate participation in the service by calling a toll free number, submitting an Internet request or any other suitable communication means. If cardholders want to change the amount they wish to invest, the cardholders can simply communicate with the investment broker system **20** through the normal investment process which may include, for example, calling a customer service representative, faxing requests to the broker, entering changes electronically through the Internet or any other suitable communication means.

Furthermore, since each investment is voluntary, non-payment of the investment amount will not affect the cardholder's ability to charge on the charge card and the unpaid investment amount will not accrue interest or other charges. Moreover, the cardholders are not exposed to any risk of loss by using the charge card administrator as a processing agent for their intended investment amounts because, in a preferred embodiment, the investment broker system **20** takes full responsibility for the safety of the funds from the time the intended investment amount is received by the charge card administrator until the time of investment. Thus, as discussed above, after receiving the billing statement each month, the cardholder sends a single check for both regular charge card purchases and for the purchase of the investment products. However, since the payment contribution is voluntary, the cardholder can choose not to pay without an impact to their overdue account balance.

Particularly, the charge card administrator preferably does not hold or control the remitted investment funds because the charge card administrator only handles the funds pursuant to the cardholders' direction to transfer the funds. The billing system deposits the funds into the investment account database **40** based on the cardholder's instructions in investment instruction arrangement database **22**. Moreover, the charge card administrator will not forward any funds until the remitted investment funds are received by the charge card administrator. In other words, the cardholder does not charge the investments to his charge card account; rather, the cardmember remits the investment funds to the charge card administrator which in turn remits the investment funds to the investment broker system **20**. Additionally, as discussed above, in

order to avoid any "requirement" to submit investment product payments, the portion of the remitted amount to be applied to the investment product bypasses the regular charge card authorization process, and thus, if the investment product funds are not received, the system will not transmit the cardholder account to the collections system.

Although the invention has been described herein in conjunction with the appended drawings, those skilled in the art will appreciate that the scope of the invention is not so limited. Modifications in the selection, design, and arrangement of the various components and steps discussed herein may be made without departing from the scope of the invention as set forth in the appended claims.

The invention claimed is:

1. An administrative system for funding at least one investment product including:

a transaction account billing system capturing financial event information, wherein said billing system comprises:

a transaction account database including user accounts;

a billing information database including information about user billings and to provide periodic statements related to previously established financial events;

a financial events database including information about said previously established financial events associated with a user;

a remittance database including information about user combined remittances of user funds, wherein said user combined remittances include a portion of said user funds to satisfy debts charged to said user account and a portion of said user funds for at least one investment product as investment funds;

a payment hierarchy system establishing rules for distributing said combined remittances to said user account containing said previously established financial events and to an investment brokerage system configured to facilitate said investment; and,

a communication interface with said investment broker system.

2. The administrative system of claim 1, wherein said at least one investment product includes at least one of a fixed annuity, variable annuity, CD, insurance, certificate, equity and mutual fund.

3. The administrative system of claim 1, wherein said transaction account billing system avoids a collections process upon remittance of sufficient said user funds for said user account and insufficient said investment funds.

4. The administrative system of claim 1, wherein said at least one investment product is pre-selected by said user.

5. The administrative system of claim 1, wherein said transaction account billing system and said investment broker system are configured to be accessed via at least one of a telecommunications linkage, facsimile, Internet and a point of interaction device.

6. The administrative system of claim 1, wherein said financial events database including information about previously established financial events associated with a user, further facilitates:

receiving an account number and purchase amount from said user to facilitate user purchase from a merchant;

authorizing said account number and said purchase amount;

providing an approval code to said merchant, wherein said approval code is associated with said account number and said purchase amount;

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receiving a request from said merchant for payment of said purchase amount, wherein said request includes said approval code; and,  
 sending said periodic statement to said user, wherein said periodic statement includes said purchase amount.

7. The administrative system of claim 1, wherein said investment broker system comprises:  
 an investment instruction arrangement database including user investment instruction information;  
 an investment account database including said at least one investment product; and,  
 an investment payment hierarchy system establishing rules for distributing said user funds to said at least one investment product.

8. A method for funding at least one investment product including:  
 capturing previously established financial event information, using a computerized transaction account billing system through which financial events are charged;  
 accepting, by said computerized transaction account billing system, a combined remittance of user funds from a user, wherein a portion of said combined remittance is defined as said user funds to satisfy debts charged to a user account from said previously established financial events, and said user funds to be applied to at least one investment product as investment funds;  
 applying hierarchy rules to said combined remittance of said user funds to determine a portion of said user funds to be allocated by an investment broker system to said at least one investment product; and,  
 transferring said investment funds to said investment broker system.

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9. The method of claim 8, wherein said at least one investment product includes at least one of a fixed annuity, variable annuity, CD, insurance, certificate, equity and mutual fund.

10. The method of claim 8, wherein said step of accepting a combined remittance avoids a collections process upon remittance of insufficient said investment funds.

11. The method of claim 8, wherein said investment broker system allows said user to select said at least one investment product for purchase prior to accepting a combined remittance.

12. The method of claim 8, wherein any of the steps are performed over at least one of a telecommunications linkage, facsimile, the Internet and a point of interaction device.

13. The method of claim 8, further including billing said users via a periodic statement for said previously established financial events includes:

receiving an account number and purchase amount from said user to facilitate user purchase from a merchant;  
 authorizing said account number and said purchase amount;

providing an approval code to said merchant, wherein said approval code is associated with said account number and said purchase amount;

receiving a request from said merchant for payment of said purchase amount, wherein said request includes said approval code; and,

sending said periodic statement to said user, wherein said periodic statement includes said purchase amount.

14. The method of claim 8, further including applying payment hierarchy rules to said investment funds and, distributing said investment funds to said at least one investment product in accordance with said payment hierarchy rules.

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